

Discurso pronunciado por el Primer Ministro de Singapur, Lee Hsien Loong

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«China and the World – Prospering and Progressing Together»

INTRODUCTION

1. I am happy to be back at the Central Party School. I last spoke here in 2005. In the seven years since then, the world has changed significantly. Asia has become one of the most vibrant regions in the world. China and India have made rapid progress, while Southeast Asia has not done badly. The centre of gravity of world affairs has shifted further eastwards.
2. The world has also become much more inter-connected and inter-dependent. World trade has grown rapidly, while financial markets are much more interlinked. The internet now connects more than one-third of humanity. Many real life activities now happen in cyberspace, whether it is business, entertainment, social networking, or even political organisation. This has transformed governments, societies, cultures and economies.
3. In this hyper-connected world, the interests of individual countries are closely intertwined with others. Problems in one country can quickly spread to others. During the

Global Financial Crisis, problems in US debt markets triggered worldwide consequences. Visiting Beijing in 2008, I watched a Chinese academic on a talk show explain in detail how Bear Sterns and Lehman Brothers failed, and caused the systemic collapse. Watching such a programme in China would have been unimaginable even a decade earlier. First, because the international financial system was not so globally integrated, a crisis on such a global scale was most unlikely. Second because no one would have thought that the Chinese public would have such a sophisticated interest in the complicated details of international financial markets.

4. China has benefited from globalisation. Chinese workers and factories serve consumers and markets around the world. China has gained access to new technologies, investments and ideas. At the same time, China has catalysed globalisation too. More than one billion Chinese are joining the international economy, not just as workers but as engineers, scientists, entrepreneurs and consumers. Many countries are feeling the impact of China's rise. Their industries, jobs and societies are undergoing far-reaching changes. The long-term benefits of China's rise are enormous, but so are the short-term challenges of adjusting to the new competitive environment. The transition will be difficult and painful.
5. But China is now at a critical juncture. The Central Party School's website contains many articles debating China's economic, social and political reforms. You are clearly seized with these issues. China needs to upgrade its economy to continue improving people's lives. It has to restructure from an export-led economy to a more sustainable, demand-driven one. It must prepare for a rapidly ageing population, strengthen social safety nets and address rising income inequality. It must also undertake political reforms to meet rising public expectations for accountability, while maintaining social order and stability. How to implement such reforms, and how quickly, are vigorously debated. These are serious and complex challenges for any country, let alone one the

size of China. It is therefore natural that China's leaders are preoccupied with these domestic priorities.

CHINA'S ROLE IN THE WORLD

6. However, China's external interests are equally important. China has become a major player in the global system, highly interdependent with the rest of the world. China's growing weight means that its every action is scrutinised internationally, and its foreign and domestic policies invariably affect other countries. For example, China's demand for natural resources moves global markets; China's trade balance affects the international financial system; China's security policies influence other countries' strategic calculations. Hence, it is in China's own interests to take into account the impact of its policies on other countries.
7. China is no longer an isolated, self-sufficient Middle Kingdom. It is the world's second largest economy and a major trading nation. It depends on an open, inclusive and fair global trade system to thrive. It needs a stable external environment, and good relations with other countries, so that it can focus on economic development. It is such a major player that no global issue can be resolved without China's participation, be it climate change, the Doha Round or nuclear non-proliferation.
8. China's integration into the international system has been smooth, considering how large China's impact has been. China has benefitted greatly from a stable and peaceful global environment. It is in China's interests to uphold this international order, in particular the international rule of law, and a global system that is relevant and fair to all nations big and small. China has done so, for example by joining the WTO and abiding by its rulings in trade disputes. This reinforces what China has repeatedly affirmed –that it will not seek hegemony, and wishes for amicable, equal, win-win relations with others.
9. That is why Singapore believes that China's peaceful development will benefit Singapore and the world, and

has supported China's development in tangible ways. A prosperous, stable China, well integrated into the world community, is a major force for peace, prosperity and stability in Asia and the world.

CHINA-US RELATIONS

10. Among China's external relationships, none is more important than that with the US. This is the most important bilateral relationship for both parties, and for the entire world.
11. The US will remain the dominant superpower for the foreseeable future. It is currently facing some very difficult problems, but it is not a nation in decline. The US is an enormously resilient and creative society, which attracts and absorbs talent from all over the world, including many from China and the rest of Asia. These new arrivals often integrate successfully into the US and make significant contributions to their society, academia or business. All eight Nobel Prize winners in science who are of Chinese descent either were or subsequently became American citizens. We should never under-estimate the US' capacity to reinvigorate and reinvent itself.
12. Our whole region, including Singapore, will be affected by how China-US relations develop. We hope China-US relations flourish, because we are friends of both countries. We do not wish to see their relations deteriorate, or be forced to choose one or the other. Singapore's influence is modest, but we will do what we can to foster good relations, through our statements and actions.
13. China and the US share many interests. China relies on US markets and technology. For many US companies, China is a key export market and manufacturing base. China is the largest foreign holder of US Treasury securities, and hence does not wish to see the US economy in trouble. While visiting China in 2009, US Secretary of State Hillary Clinton said that both sides are in the same boat and should therefore work together, and avoid a clash. Singapore agrees with this view.

14. Nevertheless, China-US relations are multi-faceted. Although there are obvious areas for cooperation, there are also areas where the two compete. From time to time, friction is inevitable. On human rights and democracy, the two countries have very different perspectives. Most fundamentally, China's development represents a major shift in the balance of power. History has shown that the rise of new powers often leads to uncertainty and conflict. The Chinese TV series «The Rise of Great Powers» several years ago shows that Chinese thought leaders understand the need to learn from history and avoid repeating past mistakes.
15. Furthermore, in managing their relations, both China and the US have to take into account domestic political pressures and nationalist sentiments. Some Americans are anxious about China's rise. The elite are concerned about America's influence in the world, while ordinary workers worry about their jobs and futures.
16. On the Chinese side, some quarters suspect the US of wanting to hold China back. Younger Chinese, having grown up after the Cultural Revolution, have benefitted from China's liberalisation and are understandably proud of China's achievements. Some of them believe that China should be less accommodating, and should abandon Deng Xiaoping's dictum that China should adopt a low profile internationally («韬光养晦»). Such views are often seen online.
17. Therefore both China and the US have to manage this shift in their relationship wisely and prudently. They have to strengthen mutual trust and confidence, so that they do not misread the other side's intentions and make missteps. We therefore welcome the expansion of dialogues at all levels between the two countries. Informal contacts between defence and security officials, such as during their participation at the Shangri-la Dialogue that Singapore hosts every year, help foster mutual trust and understanding.
18. One important factor in US-China relations is Taiwan. Cross-strait relations have long been a potential flash point between China and the US. Cross-strait relations have improved markedly in recent years, especially since the Kuomintang government was elected in 2008. Today,

the «Three Links» («三通») have become a reality. Taiwanese voters support more stable cross-strait relations, which has in turn influenced the positions of Taiwanese political parties. Many Asia-Pacific countries welcome these positive developments.

19. The US is and will remain an Asia-Pacific power. Chinese leaders have welcomed the US' presence in the Asia-Pacific. On a visit to the US in May, National Defence Minister GEN Liang Guanglie acknowledged that the Asia-Pacific was big enough to accommodate both the US and China, even though both countries have very different national circumstances, strategic needs and interests.
20. Singapore believes that the US' continued presence in the region contributes to Asia's prosperity and security. The US has legitimate long-term interests in Asia, and plays a role in Asia which no other country can. This is not just because of its military or economic strength, but for historical reasons. In the 60 years since the end of World War II, the US presence has created a peaceful environment which enabled the region to thrive. This is why many Asia-Pacific countries hope that the US continues to contribute to regional peace and stability.
21. Despite occasional tensions, the US-China relationship has matured. Both sides are maintaining the overall relationship while managing problems big and small, from denuclearising the Korean peninsula to the Chen Guangcheng incident. Leaders from both sides recognise their major shared interests. The Chinese leadership is able to look beyond immediate and transient bilateral problems and take a long-term perspective. Successive US Presidents have quickly learnt the importance of maintaining a constructive relationship with China, regardless of what was said during their election campaigns. They accept that the US cannot expect to remake China in its own image, much as some Americans would like to.
22. Thoughtful Americans, both Democrat and Republican, also understand that any attempt to contain China is doomed to fail. US-China relations in the 21st century cannot be compared to ties between the US and the Soviet Union during the Cold War. Trade between the US

and Soviet Union was negligible, and nuclear deterrence was the primary stabilising factor. Today, China and the US are profoundly intertwined, and their relationship is stabilised by mutual economic dependence. The US cannot hold China back without hurting itself at the same time. Neither would European or Asian countries join such a misguided effort to contain China. My Foreign Minister stated this view clearly in a widely reported speech in Washington earlier this year, a view which many American officials accepted. Ultimately, both China and the US must develop a new *modus vivendi* that reflects current realities and benefits both sides.

CHINA'S ROLE IN THE REGION

23. Besides forging good relations with the US, China also has a strategic interest in a stable and prosperous Asia. A thriving neighbourhood will be a valuable partner in China's development, and a source of investments and raw materials. A tranquil security environment will enable China to focus on its development goals, and not be distracted by regional tensions.
24. A stable and prosperous Asia requires closer cooperation amongst the stakeholders in the region. Such a framework for regional cooperation is gradually forming. ASEAN is the foundation of this. It anchors the larger regional security architecture including the ASEAN+3 grouping and the East Asia Summit (EAS). At the same time, it is important that Asia does not become a closed bloc. It needs to keep an open architecture and maintain close links across the Pacific with the Northern American and Latin American countries. Hence the significance of APEC, whose leaders are meeting this weekend in Vladivostok.
25. These groupings bring Asia-Pacific countries together to discuss and cooperate on many issues, including economic integration, political-security developments, and functional cooperation. They have also paved the way for a network of free trade agreements among themselves.

26. ASEAN centrality is key to the regional framework. All the major powers are comfortable to let ASEAN take the lead, and to be the fulcrum of the discussions and cooperation. But this requires an ASEAN that is united, effective, and friendly with all the major powers, including China. A divided or discredited ASEAN will lead to a scenario where the member states are forced to choose between major powers, and Southeast Asia becomes a new arena for rivalries and contention. No one wins.
27. I am happy that China has been engaging ASEAN actively. China is ASEAN's largest trading partner while ASEAN is China's third largest trading partner. ASEAN and China have an FTA which was launched in 2000, when Zhu Rongji was Premier. This bold initiative was motivated not only by economic benefits but also the desire of both sides to forge a strategic partnership. China also cooperates with ASEAN countries on a broad agenda, including infrastructure development (under the ASEAN Connectivity Masterplan), energy, culture and public health. All ASEAN members welcome China's engagement and are keen to expand our mutually beneficial partnership.

THE SOUTH CHINA SEA

28. Nevertheless, despite the deepening relations between China and ASEAN, issues will inevitably arise from time to time, either between China and ASEAN as a whole, or between China and individual ASEAN member nations. One such issue is the territorial disputes in the South China Sea. I will elaborate on this current topic, in the hope that you will understand better Singapore's position, and our basic considerations in foreign policy issues.
29. Sovereignty disputes are complex and hard to resolve. No side can easily abandon their claims without high political costs. The many overlapping claims by multiple claimants in the South China Sea are unlikely to be resolved any time soon. Hence in Singapore's view, the involved parties must manage the disputes responsibly. All sides should

- avoid escalating tensions or precipitating confrontations that will affect the international standing of the region.
30. Singapore has taken a clear and consistent position on the South China Sea issue. We are not a claimant country, take no sides in any of the territorial disputes nor can we judge the merits of the various claims. However, Singapore does have certain critical interests at stake.
 31. First, as a very small country, we have a fundamental interest in the peaceful settlement of international disputes in accordance with international law. Hence we believe the disputes in the South China Sea over territorial sovereignty and maritime resource rights should be resolved peacefully and in accordance with international law, including UNCLOS.
 32. Second, trade is the lifeblood of our economy. Our foreign trade is three times our GDP. Freedom of navigation is therefore a fundamental interest, especially along our sea lanes of communications. We have only two: the Malacca Strait and the South China Sea. Therefore the South China Sea is strategically important for our survival and development. However the South China Sea disputes play out, freedom of navigation must be maintained. Ships of many nations use the South China Sea, so I am sure these countries would share Singapore's concern on this point.
 33. Third, as a small Southeast Asian country, ASEAN is critical to Singapore. Singapore's security depends on a peaceful and stable Southeast Asia, which in turn depends on a cohesive ASEAN. ASEAN must remain united to be able to exercise influence on the international stage, to have our voices heard, and to secure and advance our common interests. If ASEAN is weakened, Singapore's security and influence will be diminished.
 34. Turning to recent events, the South China Sea is a major issue in the heart of ASEAN's own region. For ASEAN not to address it would severely damage its credibility. ASEAN must not take sides on the various claims, but it has to take and state a position which is neutral, forward-looking, and encourages the peaceful resolution of issues. The 6-point principles on the South China Sea recently proposed by Indonesia does that. ASEAN has accepted

these principles. This is a positive development. We also hope that ASEAN and China will start talks on a Code of Conduct (COC) soon.

35. ASEAN and China have wider interests at stake in the South China Sea issue too, besides sovereignty and maritime rights. Many countries are watching us closely. They will read how China deals with difficult bilateral problems with its neighbours as a sign of what China's rise means for the world. They will scrutinise ASEAN to see if it can deal with difficult issues effectively. ASEAN and China must not allow this isolated issue to affect their overall positive relationship. The account between China and ASEAN is large and overwhelmingly positive, and should remain so.

CHINA-SINGAPORE PARTNERSHIP

36. I have spoken candidly about the opportunities and challenges facing China, and facing the region as it adjusts to a growing China. As a small country, Singapore takes the world as it is. We pursue an independent foreign policy that is underpinned by our national interests. We value our close ties with China and other countries. However, Singapore is in a unique geopolitical position. We have a Chinese majority population. We are surrounded by neighbours who are majority non-Chinese, with Chinese minorities whose position is often politically delicate. This is why Singapore always needs to be seen to be acting independently on its own behalf. As an independent, objective voice, we can speak with credibility, and will be most useful to our friends and partners.
37. I am happy that Singapore and China have had a long, productive and mutually beneficial relationship. It started long before we established formal diplomatic relations in 1990, and even before Deng Xiaoping visited Singapore in 1978.
38. Over the last few decades, China has been completely transformed by the reform and liberalisation policy, and Singapore too has changed greatly. Both continue to

- evolve. Our partnership too has evolved with our needs and circumstances. In 1994, we launched the Suzhou Industrial Park (SIP), adapting Singapore's experience with integrated industrial development and urban planning to China's context. I am happy that many Chinese cities and provinces have since implemented ideas from the SIP. This project has far exceeded our expectations.
39. When China started to focus on sustainable development, we embarked on the Tianjin Eco-city project in 2007. In more recent projects we are emphasising the software aspects of development, for example in the Guangzhou Knowledge City and the Singapore-Sichuan Hi-Tech Innovation Park (HTIP). I visited the Tianjin Eco-city and HTIP this week, and was impressed by their progress. This July, Singapore and China agreed to designate a Chinese bank in Singapore as an RMB clearing bank. This will benefit companies doing business in China, and help to promote international use of the RMB. This evening, Premier Wen Jiabao and I will witness the signing of agreements to establish a Food Zone in Jilin. The Jilin Food Zone will be a premium food zone, anchored by a «Foot-and-Mouth Disease Free Zone» and a Food Safety System modeled after Singapore's systems and processes.
 40. Our partnership must continue to develop. Singapore is in a new phase of development. We seek to upgrade our economy and quality of life, and adapt our society and political system for a different world. The world is in flux, and we are feeling our way forward. China is similarly in transition. Some of its challenges are similar to Singapore's, albeit on a much larger scale.
 41. One issue facing Singapore is balancing between economic growth and social development, so as to create not just a prosperous economy but also a harmonious and inclusive society. China too is focussed on this challenge. Under the framework of the Singapore-China Joint Council for Bilateral Cooperation (JCBC), we are broadening our cooperation into social management.
 42. Another issue is the impact of the internet and social media. China has hundreds of millions of netizens, while Singapore is a very wired country. The advantages of the

internet are clear, but its eventual impact on our societies and culture remains to be seen. The 3rd China-Singapore Leadership Forum in May, led by Central Organisation Department Minister Li Yuanchao and my Deputy Prime Minister Teo Chee Hean, shared experiences on managing the social media.

43. There are other parallels between our two countries. Singapore hopes to learn from China's approaches and ideas, and hopes that our experience can continue to be interesting and relevant to China.

CONCLUSION

44. I have shared my thoughts on the long-term opportunities and challenges facing China, and its relations with other countries.
45. The international media tends to focus on China's political and economic issues of the day: whether its economy is poised for a «soft landing» or «hard landing», or whether share prices are going up or down. I cannot predict whether the Shanghai stock exchange will close higher or lower tomorrow, but I am confident about China's long-term prospects.
46. I believe that the Chinese government and people are determined to overcome its various challenges. I have every confidence that China will find its own path to success. I am also confident that China's success will usher in an extended period of peace and prosperity for itself, Asia and the entire world. I therefore wish China well and look forward to many more years of close cooperation between Singapore and China.